

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-08-329-08-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE
) OF INTENT TO ENTER ORDER TO CEASE
) AND DESIST, TO CHARGE COSTS, AND
 Quest Holdings, Inc.; Craig Jolly;) TO IMPOSE FINES
 Kerry Miller;)
)
 Respondents)

THE STATE OF WASHINGTON TO: Quest Holdings, Inc.
Craig Jolly
Kerry Miller

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Quest Holdings, Inc.; Craig Jolly; and Kerry Miller, have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. Quest Holdings, Inc. (“Quest Holdings”) is a dissolved Nevada corporation incorporated in 2006. Quest Holdings operated with its principal place of business in Spokane, Washington.

2. Craig Jolly (“Jolly”) acted as President, Director, Secretary, and Treasurer of Quest Holdings. Jolly is believed to be residing in the State of Washington.

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2 10. Over time Quest Holdings adjusted the terms of the loans offered on the EBL
3 website and created new websites, www.EarnByLoaning.us and www.earnbyloaning.info, which
4 could be accessed only by members of Quest Holdings.

5 11. Jolly regularly communicated with Quest Holdings' lenders through the EBL website
6 with audio recordings and written posts to its online forum.

7
8 12. On or about April 2007, Jolly and Miller participated in a High Yield Investment
9 Program blog to promote Quest Holdings and its "online presence" EBL. In the blog, Jolly
10 explains that he and Miller started EBL to "bring some respect back to businesses who use the
11 internet." [sic] Jolly described how other investment programs did not offer a way for investors
12 to take action to recoup any losses and differentiated Quest Holdings. The Quest Holdings' post
13 explained that, "[b]y having a contract for the loan, each lender has a recourse of judicial action
14 affirmed by the rights of the United States judicial system and it's [sic] court appointed
15 authorities." [sic]

16 13. In online communications and conference calls Jolly assured investors of Quest
17 Holdings' stability. In a forum on the EBL website, in or about May 2007, Jolly stated that
18 "EBL is here to stay and we are in a very strong position to continue for many, many years to
19 come."

20
21 14. In or about February 2008, Jolly and Miller participated in a conference call with
22 Quest Holdings' investors. During the call Jolly told investors that whether the market was
23 "flying" or "crashing" did not matter to Quest Holdings and assured investors that the lending
24 program could run for any amount of time.

25 15. Quest Holdings dissolved as a corporation in March 2008.

1 Examples

2 *Purchaser A*

3 16. Purchaser A is an Iowa resident who came across the EBL website on the internet.
4 Purchaser A contacted Miller, listed as the administrator for the website. Miller provided
5 Purchaser A with contact information for Jolly.
6

7 17. Jolly described the EBL program to Purchaser A. Jolly explained that people loan
8 funds to Quest Holdings and receive a guaranteed a return on their principal by written contract.
9 Jolly stressed that no risk existed because of the court enforceable written contract. Jolly told
10 Purchaser A that Quest Holdings invested the funds provided by lenders. Jolly did not tell
11 Purchaser A where or how Quest Holdings invested the funds.

12 18. Purchaser A flew to Portland, Oregon to meet with Jolly and learn more about the
13 program. Jolly told Purchaser A that he had a degree in finance and had worked as investor for
14 several years on his own. Jolly said that the program did not need to be registered with the SEC
15 because of its nature as a loan and not an investment. Purchaser A did not receive any disclosure
16 documents about the program.

17 19. Purchaser A returned to Iowa and mailed a check to Quest Holdings at its business
18 address in Spokane, Washington. Purchaser A sent \$25,000 on or about July 26, 2007. This
19 loan agreement paid 12% interest per month. Purchaser A believed the loan had a 12 month
20 term. Later Purchaser A learned that the loan had an eight month term.
21

22 20. Purchaser A sent an additional \$179,971.21 on or about August 30, 2007 and
23 \$179,971 on or about October 3, 2007. These loan agreements paid 12% interest per month.
24 Purchaser A said that these loan agreements had eight month terms.

25 21. Purchaser A received payments on his loaned funds every 60 days until March 2008.

Purchaser C

29. Purchaser C is a Colorado resident who learned of Quest Holdings and the EBL website from a friend who had success with the program.

30. In August 2007 Purchaser C created an online profile for herself at www.EarnByLoaning.com. After transferring \$25,000 from a personal bank account to a bank account for Quest Holdings, Purchaser B returned to her online profile at the EBL website.

31. Purchaser C saw three loans created for her profile at EBL (\$10,000; \$10,000; \$5,000). According to Purchaser C, at the time she provided funds to Quest Holdings the maximum loan amount was \$10,000. To complete the loan process, Purchaser C printed out loan agreements under each loan in her profile. Quest Holdings had Jolly's signature preprinted on the loan agreement. Purchaser C signed the forms and faxed them to a number provided by Quest Holdings.

32. Each of Purchaser C's three initial three loans had four month terms with bi-monthly interest payments. The loans paid a 12 ½% interest rate per month.

33. Purchaser C received a bi-monthly interest payment of \$6,250 in November 2007. Purchaser C requested the payment from the online profile of EBL and payment occurred via bank transfer, approximately nine to ten days after the request. Purchaser C received another interest payment in January 2008 when the initial loans matured.

34. At loan maturity in January 2008, Purchaser C requested that the principal be rolled into a new loan with Quest Holdings. At that time Quest Holdings had altered the terms available for loans. Purchaser C now had one loan for \$25,000 on an eight month term. The new loan paid a 12% interest rate per month with bi-monthly interest payments.

Registration Status

43. Respondent Quest Holdings Inc. is not currently registered to sell its securities in the State of Washington and has not previously been so registered.

44. Respondent Craig Jolly is not currently registered as a securities salesperson or broker-dealer in the State of Washington and has not previously been so registered.

45. Respondent Kerry Miller is not currently registered as a securities salesperson or broker-dealer in the State of Washington and has not previously been so registered.

Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

1. The offer or sale of the “Lenders Agreement” described above constitutes the offer or sale of a security as defined in RCW 21.20.005(10) and (12).

2. Respondents, Quest Holdings, Inc.; Craig Jolly; and Kerry Miller, violated RCW 21.20.140, the securities registration provision of the Securities Act, because they offered and/or sold securities for which there was no registration on file with the Securities Administrator.

3. Respondents Craig Jolly and Kerry Miller violated RCW 21.20.040, the securities salesperson registration provision of the Securities Act, because they offered and/or sold securities while not registered as a securities salesperson or broker-dealer in the State of Washington.

4. The offer or sale of said securities violated RCW 21.20.010 because Respondents, Quest Holdings, Inc.; Craig Jolly; and Kerry Miller, in connection with the offer or sale of said securities directly or indirectly made untrue statements of material fact or omitted to state

1 material facts necessary in order to make the statements made, in the light of the circumstances
2 under which they were made, not misleading.

3 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

4 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
5 Administrator intends to order, pursuant to RCW 21.20.390(1), that Respondents, Quest
6 Holdings, Inc.; Craig Jolly; and Kerry Miller and their agents and employees, each cease and
7 desist from violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.
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9 **NOTICE OF INTENT TO CHARGE COSTS**

10 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and
11 Conclusions of Law, the Securities Administrator intends to order that Craig Jolly and Kerry
12 Miller shall be liable for and pay the costs, fees, and other expenses incurred in the investigation.
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14 **NOTICE OF INTENT TO IMPOSE FINES**

15 Pursuant to RCW 21.20.110(1) and RCW 21.20.395, and based upon the Tentative
16 Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that:

- 17 a. Respondent Craig Jolly shall be liable for and pay a fine of \$40,000.
18 b. Respondent Kerry Miller shall be liable for and pay a fine of \$10,000

19 **AUTHORITY AND PROCEDURE**

20 This Statement of Charges is entered pursuant to the provisions of the Securities Act and
21 is subject to the provisions of RCW 21.20 and RCW 34.05. The respondents, Quest Holdings,
22 Inc.; Craig Jolly; and Kerry Miller, may each make a written request for a hearing as set forth in
23 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
24 accompanying this order.
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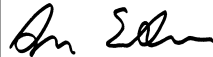
1 If a respondent does not request a hearing, the Securities Administrator intends to adopt
2 the above Tentative Findings of Fact and Conclusions of Law as final and enter an order to cease
3 and desist permanent as to that respondent.
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5 Dated and Entered this 24th day of February, 2009.
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9 MICHAEL E. STEVENSON
10 Securities Administrator

11 Approved by:

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13 Suzanne Sarason
14 Chief of Enforcement

15 Presented by:

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17 Jack McClellan
18 Financial Legal Examiner
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